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COPY

February 13, 2007

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

To: D. Duke
Dept: SA
Date: 2-15-07
From: _____

Re: Annual Progress Update Under
Order Granting Waiver of Meter Testing
Requirements

Dear Mr. Terreni:

Under DOCKET NO. 2006-63-E - ORDER NO. 2006-159 dated March 13, 2006, the Public Service Commission of South Carolina granted Lockhart Power Company (Lockhart or Company) a waiver of the Commission's meter testing requirements as set forth in Commission Regulation 103-370. The Company had requested that the waiver be granted in order to avoid the cost to the Company and the ratepayer of the testing of meters that are scheduled for replacement during years 2006 - 2008. The Commission granted the waiver to extend through the end of the Company's 3-year meter replacement process.

In issuing its order the Commission directed Lockhart to submit to both the Commission and the ORS its 3-year schedule of meter replacement activity, and to update both the Commission and ORS annually on its progress on the meter replacement project. On July 26, 2006, Lockhart submitted its 3-year schedule of meter replacement. This letter serves as Lockhart's first annual update on its meter replacement project.

The following schedule was filed on July 26, 2006, indicating the progress that had been made through the first half of 2006 and the plans for replacement beyond that point. The schedule also included expected growth in the total number of active meters. It was pointed out that we were actually ahead of schedule as of the date of the letter. (The initial intent was to replace approximately 1,100 meters per year and to be finished as of the end of year 2008.)

<u>Date</u>	<u>Active Meters</u>	<u>Replaced Meters</u>	<u>Meters Remaining to be Replaced</u>
12-31-05 Actual	6,152	3,099	3,053
6-30-06 Actual	6,193	3,834	2,359
12-31-06 Estimated	6,200	4,400	1,800
12-31-07 Estimated	6,250	5,500	750
12-31-08 Estimated	6,300	6,300	0

Since the July 26, 2006 response, Lockhart has continued to remain ahead of its schedule and now estimates that it will be complete in early 2008. Please note the following table:

<u>Date</u>	<u>Active Meters</u>	<u>Replaced Meters</u>	<u>Meters Remaining to be Replaced</u>
12-31-05 Actual	6,152	3,099	3,053
6-30-06 Actual	6,193	3,834	2,359
12-31-06 Actual	6,215	4,738	1,477
12-31-07 Estimated	6,275	5,900	375
4-30-08 Estimated	6,300	6,300	0

The Company's standing order for new meters is 96 meters per month, which amounts to 1,152 meters per year. We will continue replacement at this rate. Consequently, the replacement process should end ahead of the original schedule.

As also required in the Order, Lockhart is continuing to test each new meter to insure its required accuracy before placing the meter into service. It is likewise testing each old meter that is removed from service. Any billing for a meter found upon removal to be "fast" by more than two (2) percent is corrected.

Another provision of the Order was that Lockhart provides the Commission and the ORS an annual progress update showing a summary of final testing results of meters that are removed from service. Please find enclosed a two-page summary of the meter test results from meters removed from service and tested during Calendar 2006. A total of four (4) meters were found to be "fast" by more than two (2) percent. These customers' accounts were corrected in accordance with SCPSC Rule 103-340 (1)(b). It is noteworthy that the number of meters that were "slow" by more than two percent outnumbered the meters "fast" by more than two percent by a factor of ten to one.

Should you have any questions or need further information regarding this matter, please do not hesitate to contact me.

Yours sincerely,
LOCKHART POWER COMPANY



Bryan D. Stone
Business Manager

BDS/pwi

cc: Mr. C. Dukes Scott, Esq.
Mr. M. John Bowen, Jr. Esq.

Statistical Analysis Report

Based On Single Phase "As Found" Accuracy Results

	SFL:	SLL:	SPF:	WA:
Mode =	99.90	00.00	00.00	100.00
Mean =	99.69	98.95	99.02	99.49
Std. Dev. =	4.41	7.34	6.99	5.13
1 Sigma =	95.28 to 104.10	91.61 to 106.29	92.02 to 106.01	94.36 to 104.63
2 Sigma =	90.86 to 108.52	84.27 to 113.62	85.03 to 113.00	89.23 to 109.76
3 Sigma =	86.45 to 112.93	76.93 to 120.96	78.03 to 120.00	84.10 to 114.89
4 Sigma =	82.04 to 117.34	69.59 to 128.30	71.04 to 126.99	78.97 to 120.02

Fast Meter Count

<u>+1</u>	<u>+2</u>	<u>+3</u>	<u>+4</u>	<u>+5</u>	<u>+6</u>	<u>+7</u>	<u>+8</u>	<u>+9</u>	<u>+1</u>	<u>>1 <1.5</u>	<u>>1.5 <2</u>	<u>>=2</u>
176	157	104	72	52	32	9	7	14	0	6	1	4

Slow Meter Count

<u>-1</u>	<u>-2</u>	<u>-3</u>	<u>-4</u>	<u>-5</u>	<u>-6</u>	<u>-7</u>	<u>-8</u>	<u>-9</u>	<u>-1</u>	<u><-1 >-1.5</u>	<u><-1.5 >-2</u>	<u><= -2</u>
231	161	119	86	54	30	30	22	14	11	23	9	40

Graph -- As Found Single Phase Weighted Average Accuracy Counts

